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WRITER'S DIRECT NUMBER
(202) 828-1426

DOCUMENTS FOR
RECORDATION

February 26, 1992

17714-A
RECORDATION NO. FILED 1425

FEB 26 1992 - 11 05 AM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Secretary Strickland,

Enclosed for recordation with the Interstate Commerce Commission pursuant to Section 11303 of Title 49 of the U.S. Code, and regulations promulgated thereunder, are three original counterparts of an Assignment of Security Agreement Without Recourse, a secondary document, dated January 17, 1992, and connected to a Security Agreement dated December 12, 1991.

The names and addresses of the parties to the Assignment are as follows:

Assignor:	Norstar Bank of Upstate New York 268 Genesee Street Utica, NY 13502
Assignee:	Fleet Credit Corporation Fleet Center 5th Floor Providence, RI 02903-2305

The equipment covered by the Assignment consists of one locomotive specifically described in Schedule A attached to the Security Agreement.

Counterparts - Amie Kullman

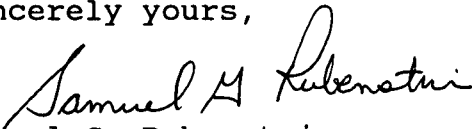
February 26, 1992
Page 2

follows: A short summary of the document to appear in the index

An Assignment of Security Agreement
Without Recourse from Norstar Bank of Upstate
New York to Fleet Credit Corporation (the new
secured party), dated January 17, 1992,
connected to a Security Agreement dated
December 12, 1991, and covering one
locomotive specifically described in Schedule
A attached to the Security Agreement.

A fee of \$16.00 is enclosed. Please stamp and return
the two copies not needed by the Commission for recordation to
the undersigned.

Sincerely yours,


Samuel G. Rubenstein
Counsel for Fleet Credit
Corporation

17714-A

ASSIGNMENT OF SECURITY AGREEMENT
WITHOUT RECOURSE

RECORDED NO. _____ FILED 142

FEB 26 1992 -11 02 AM

TO: FLEET CREDIT CORPORATION

INTERSTATE COMMERCE COMMISSION

FROM: NORSTAR BANK OF UPSTATE NY

Re: Security Agreement between DELAWARE OTSEGO CORPORATION AND THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION ("CO-Debtor's"), as Co- Debtors and the undersigned ("Assignor"), dated December 12, 1991 having aggregate unpaid rental of \$521,088.00 Account No. 30881-01.

1. FOR VALUE RECEIVED, Assignor hereby sell, assigns, transfers and sets over to FLEET CREDIT CORPORATION, its successors and assigns ("Assignee"), WITHOUT RECOURSE as the financial ability of the Debtor to pay (a) the annexed above-named Security Agreement ("Agreement"), together with all payments due and to become due thereunder, including, without limitation, all rental payments and insurance proceeds, and all monies due and to become due in connection with the exercise by Debtor of an option, if any, to purchase the property described in the Agreement; (b) all of Assignor's right, title, and interest in the property and equipment covered by and described in the agreement; (c) any collateral securing payment of the Agreement, including, without limitation, the benefits of that certain Security Agreement dated December 15, 1987 (the "Security Agreement"); and (d) all of Assignor's rights and remedies thereunder and under any guaranty thereof, including the right to take, in Assignor's or Assignee's name, any and all proceedings, legal, equitable, or otherwise, that Assignor might otherwise take, save for this assignment.

2. Assignor agrees that Assignee may in Assignor's name endorse all remittance received, and Assignor gives express permission to Assignee to release, on terms satisfactory to Assignee or by operation of law or otherwise, or to compromise or adjust any and all rights against and grant extensions of time of payment to Debtor or any other persons obligated to the Agreement or any accompanying guaranty, or to agree to the substitution of a debtor, without notice to Assignor and without affecting the Assignor's obligations hereunder.

3. Notwithstanding any provision hereunder to the contrary, the undersigned Assignor shall retain and reserve all rights under the Security Agreement to the extent that the Security Agreement secured other indebtedness and obligations not assigned to the Assignor or Assignee hereunder. In the event of any foreclosure under the Security Agreement, all proceeds received shall be first applied to any of Assignor's outstandings and then to any of the Assignee's outstandings which are entitled to the benefits of the Security Agreement.

4. This assignment shall be governed by and construed in accordance with the laws of the state of Rhode Island.

IN WITNESS WHEREOF, the undersigned Assignor has caused this assignment to be executed by its duly authorized officer as of the date shown below.

Dated: 1/17/92

ASSIGNOR: NORSTAR BANK OF UPSTATE NY

BY: 

TITLE: VP

State of: NEW YORK

SS:

County of: ONEIDA

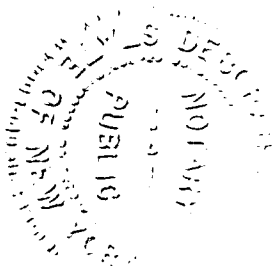
On this 17TH day of JANUARY, 1992 before me personally appeared JOHN BRADLEY, to me personally known, who, being duly sworn, says that he/~~she~~ is a VICE PRESIDENT of NORSTAR BANK OF UPSTATE NY, that the seal affixed to the foregoing instrument was signed on JANUARY 17, 1992 on behalf of said Corporation by authority of its Board of Directors, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation

[SEAL]

Deborah C. Stone
Signature of Notary Public

My Commission expires: 6/30/93

DEBORAH C. STONE
Notary Public in the State of New York
Qualified in Oneida County
My Commission Expires June 30, 1993



\$ 400,000.00

(The "Principal Amount")

Secured Promissory Note and Security Agreement No. 30881-01

For value received, the undersigned debtor ("Debtor") hereby promises to pay to the undersigned Secured Party or to its order, the above stated Principal Amount together with interest thereon as set forth below and grants to Secured Party a first priority security interest in the equipment described below and all additions and alterations thereto, replacements thereof and substitutions therefor ("Equipment") under the terms and conditions contained on the face and reverse side hereof (which, together with all acceptance certificates, riders, schedules, exhibits and amendments hereto, is hereinafter referred to as the "Note").

DEBTOR	VENDOR
Name: <u>DELAWARE OTSEGO CORPORATION (CO-DEBTOR)</u> <u>THE NEW YORK SUSQUEHANNA AND WESTERN RAILWAY CORPORATION (CO-DEBTOR)</u> <u>a New York and New Jersey Corporations</u>	Name: <u>VALLEY RAILROAD</u>
Address: <u>One Railroad Avenue</u> <u>Cooperstown, NY 13326</u>	Address: <u>Railroad Ave. P. O. Box 452</u> <u>Essex, CT 06426</u>
Telephone: <u>(607) 547-2555</u>	Telephone: _____
Contact: <u>William B. Blatter</u>	Contact: _____

EQUIPMENT SCHEDULE

Quantity	Description	Model No.	Serial No.
	All equipment as listed on Schedule A, attached hereto and made a part hereof		

The Equipment shall be delivered to and located at: One Railroad Ave. Cooperstown, NY 13326
The Acquisition Cost of the Equipment is: \$ 400,000.00
The Payment Schedule may change for Equipment accepted after December 31, 19 91

PAYMENT SCHEDULE

INSTALLMENT PAYMENTS		Note Term: <u>73</u> months commencing on the Term Commencement Date set forth in the Acceptance Certificate hereto (the "Term Commencement Date")
Note payments ("Installment Payments") shall be made in <u>73</u> consecutive installments throughout the Note term, commencing on the Payment Commencement Date set forth in Acceptance Certificate hereto (the "Payment Commencement Date") and on the same day of each successive <u>month</u> . Each Installment Payment shall be in the amount set forth below.		
		Advance Payments: the first <u>Only</u> Payments
		Security Deposit: \$ <u>N/A</u>
		<u>X</u> Floating Rate Provisions: If this Section is initialled, then this Note is a floating rate Note bearing interest at a rate of <u>0.90</u> % over the index rate (the "Index Rate") of <u>7.5%</u> Prime Rate of Interest
		as published or announced from time to time by <u>Norstar Bank</u>
		The interest rate of this Note shall change upon any change in the Index Rate and, at the time of and in addition to the payment of each Installment Payment, Debtor shall pay to Secured Party interest at the then applicable interest rate computed on the then outstanding principal balance hereof.
PAYMENT NO.	PAYMENT AMOUNT	
1 thru 72	\$ 6,404.00	
73	\$60,000.00	

THIS NOTE INCLUDES ALL OF THE TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF WHICH THE PARTIES ACKNOWLEDGE THEY HAVE READ. THIS NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. DEBTOR ACKNOWLEDGES AND CERTIFIES THAT NO SUCH ORAL AGREEMENTS EXIST. THIS NOTE IS NOT BINDING ON SECURED PARTY UNTIL EXECUTED BY SECURED PARTY.

AGREED AND ACCEPTED BY:

NORSTAR BANK OF UPSTATE NY

By: [Signature]

Title: _____

Dated: December 12, 19 91

Co-Debtor: DELAWARE OTSEGO CORPORATION

By: [Signature]

Title: Senior Vice President

Attest: [Signature]

Nathan R. Fenno, Secretary
The undersigned, Nathan R. Fenno, Secretary, do hereby certify that the undersigned is duly authorized to execute this Note and the Security Agreement on behalf of the Debtor.

Co-Debtor: THE NEW YORK SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

By: [Signature]

Title: William B. Blatter, Senior Vice President

Attest: [Signature]

Nathan R. Fenno, Assistant Secretary
(Corporate Seal)

Guarantor: _____

ADDRESS OF SECURED PARTY:

NORSTAR BANK OF UPSTATE NY

268 Genesee Street

Utica, NY 13502

SECURED PARTY'S ORIGINAL

1. DELIVERY AND ACCEPTANCE OF EQUIPMENT

The Equipment is to be delivered and installed at Debtor's expense at the location specified on the face of this Note and shall be deemed to have been accepted by Debtor for all purposes under this Note upon Secured Party's receipt of the Acceptance Certificate hereto executed by Debtor. Secured Party shall not be liable or responsible for any failure or delay in the delivery of the Equipment to Debtor for whatever reason.

2. TERM AND PAYMENTS

The Note Term shall commence on the Term Commencement Date and shall continue for the number of months set forth on the face hereof beyond the Term Commencement Date and shall also include period between the Acceptance Date and Term Commencement Date. Note payments shall commence on the Payment Commencement Date and shall be due and payable as set forth on the face hereof. Debtor shall also pay Secured Party interest on a pro rata basis for the period between the Acceptance Date and the Term Commencement Date. Debtor shall pay an administrative and late charge of 5% of the amount of any overdue payment plus interest on such delinquent payment from 30 days after the due date until paid at 1 1/4% per month or the maximum amount permitted by law, whichever is lower. All payments to be made to Secured Party shall be made to Secured Party at the address shown above, or at such other place as Secured Party shall specify in writing.

3. POSSESSION; INSPECTION; PERSONAL PROPERTY

Secured Party may require Debtor at Debtor's expense, to affix plates or markings on the Equipment indicating the security interest of Secured Party hereunder. Secured Party may enter the Equipment location at reasonable times upon reasonable notice to inspect the Equipment or show it to prospective purchasers or lessees upon any default in payment by Debtor. The Equipment shall remain personal property even though attached or affixed to real property.

4. DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY

SECURED PARTY MAKES NO EXPRESS OR IMPLIED WARRANTIES WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, CAPACITY, DURABILITY, QUALITY OF MATERIAL OR WORKMANSHIP, CONFORMITY OF ANY DESCRIPTION OR PATENT INFRINGEMENT, AND HEREBY DISCLAIMS ANY SUCH WARRANTY. SECURED PARTY IS NOT RESPONSIBLE FOR ANY REPAIRS OR SERVICE TO THE EQUIPMENT, DEFECTS THEREIN OR FAILURES IN THE OPERATION THEREOF OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES. DEBTOR HAS MADE THE SELECTION OF EACH ITEM OF EQUIPMENT BASED ON ITS OWN JUDGEMENT AND EXPRESSLY DISCLAIMS ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY SECURED PARTY.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor represents, warrants and covenants with Secured Party that: (a) Debtor has the form of business organization indicated on the face hereof, and is duly organized, existing, in good standing and qualified to do business wherever necessary to carry on its present business and operations and to own its property; (b) this Note has been duly executed and authorized, requires no further shareholder or partner approval or the approval of, or the giving notice to, any governmental authority and does not contravene any law, regulation, or other governmental order, any certificate or articles of incorporation or by-laws or partnership certificate or agreement, or any agreement, indenture, or other instrument to which Debtor is a party or by which it may be bound and constitutes a legal, valid and binding obligation of Debtor enforceable in accordance with its terms; (c) Debtor is the owner of and holds good and marketable title to the Equipment and Debtor shall not allow any lien, encumbrance or security interest on or with respect to the Equipment (except by, through or under Secured Party) and shall not assign, sell, lease or otherwise dispose of any right or interest in this Note or the Equipment without the prior written consent of Secured Party; (d) the Equipment will be used solely in the conduct of Debtor's business and will remain in the location shown on the face hereof; and (e) Debtor has not and is not now engaged in, and shall not, during any time that any of Debtor's obligations hereunder are outstanding engage in, any conduct or activity, including, but not necessarily limited to, a pattern of racketeering activity, that would subject any of the Debtor's assets to forfeiture. If Debtor is a corporation, its Secretary or Assistant Secretary, by attesting to the execution by the Debtor on the face hereof, certifies that the officer signing on behalf of the Debtor has been duly authorized and empowered to execute this Note on behalf of the Debtor by appropriate vote of Debtor's Board of Directors or under Debtor's by-laws, that such officer did so execute this Note, and that this Note has been duly authorized and approved by or under such vote or by-laws.

6. INDEMNITY

Debtor shall bear all risk of loss with respect to the Equipment and indemnify and hold harmless, and defend Secured Party against (a) any damages, liabilities and expenses whatsoever (including legal expenses of every kind and nature) arising out of the manufacture, ordering, purchase, shipment, acceptance or rejection, ownership, titling, registration, leasing, possession, operation, use, return or other disposition of the Equipment, including patent or latent defects, and any claims based on absolute tort liability, warranty or patent, trademark or copyright infringement; and (b) any obligation or liability to the Vendor of the Equipment arising under any purchase orders with respect to the Equipment.

The covenants and indemnities contained in this Section 6 and Section 7 shall survive the termination of this Note and shall be payable by Debtor within 7 days of Secured Party's written demand therefor.

7. TAXES AND OTHER CHARGES

Debtor shall pay when due, and defend and indemnify Secured Party against liability for, all fees, charges, assessments, and taxes of any kind whatsoever (including any related interest or penalties) now or hereafter imposed by any governmental entity upon the Note or the Equipment, or with respect to the manufacturing, ordering, shipment, purchase, sale, ownership, delivery, leasing, operation, possession, use, return, or other disposition thereof or the payments hereunder (other than taxes on or measured solely by the net income of Secured Party).

8. DEFAULT

Debtor shall be in default of this Note upon the occurrence of any of the following (each an "Event of Default"): (a) failure to make any payment hereunder within 10 days of the due date thereof; or (b) failure to perform or observe any covenant, condition or agreement of this Note where such failure continues for 10 days after notice thereof to Debtor, or default under any note, security agreement, equipment lease or title retention or conditional sales agreement beyond any period of grace provided with respect thereto whether with Secured Party or any parent, affiliate or subsidiary of Secured Party; or otherwise default if the effect of such default is to cause or permit the holder of such indebtedness to cause such indebtedness to become due prior to its stated maturity, or if such indebtedness is not paid at maturity; or (c) any representation or warranty made by Debtor to Secured Party shall prove to be incorrect or the condition of Debtor's affairs shall change so as in the opinion of Secured Party to impair materially Secured Party's interest or increase materially Secured Party's credit risk; or (d) Debtor shall generally not pay its debts as they become due; file or have filed against it a petition under any bankruptcy or insolvency law of any jurisdiction; make an assignment for the benefit of its creditors; consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property; be adjudicated insolvent or be liquidated; or take any action for the purpose of the foregoing; or (e) Debtor shall terminate its existence by merger, consolidation, sale of substantially all of its assets or otherwise; or (f) Secured Party shall determine, in its sole discretion and in good faith, that Debtor's ability to make any payment hereunder promptly when due or otherwise comply with the terms of this Note or any other agreement between Secured Party and Debtor is impaired; or (g) any event of condition set forth in subsections (b), (c), (d), (e), or (f) of this section shall occur with respect to any guarantor or other person responsible, in whole or in part, for payment or performance of this Note.

9. REMEDIES

Upon default, Secured Party may exercise any of the following remedies with respect to any or all Equipment: (a) enter the Equipment location and take immediate possession of and remove the same by summary proceedings or otherwise, all without liability to Secured Party for or by reason of damage, to property or such entry or taking possession; (b) sell any of all of the Equipment at public or private sale, lease, or otherwise dispose of the Equipment; (c) remedy such default for the account of and at the expense of Debtor; and (d) without further notice or demand, accelerate and declare all Notes and other obligations of Debtor to Secured Party immediately due and payable; and (e) exercise any other right or remedy at law, or in equity or bankruptcy, including specific performance or damages for the breach hereof. Debtor agrees to pay all reasonable attorneys' fees and court costs incurred by Secured Party arising out of any default or the exercise of any remedies hereunder.

Debtor expressly waives presentment, demand, protest or notice of any of the foregoing remedies or Events of Default.

Each remedy shall be cumulative and in addition to any other remedy referred to above or otherwise available to Secured Party at law or in equity and shall survive any termination and/or acceleration of this Note. No express or implied waiver of any default shall constitute a waiver of any of Secured Party's other rights.

10. ADDITIONAL SECURITY

If a Security Deposit is indicated on the face hereof, Debtor hereby grants a security interest to Secured Party therein. Secured Party may apply at any time Debtor's Security Deposit to Debtor's obligations hereunder whereupon Debtor shall immediately reimburse Secured Party for the amount of the Security Deposit so applied.

11. NOTICES

Any notices and demands required or permitted under this Note shall be in writing by registered or certified mail, return receipt requested, and shall become effective when deposited in the United States mail with postage prepaid at the address hereinabove set forth, or to such other address as the party to receive notice hereafter designates by such written notice.

12. USE; REPAIRS; LOSS AND DAMAGE

Debtor will operate the Equipment in accordance with any applicable manufacturer's manuals by competent and duly qualified personnel only, in accordance with applicable requirements of law, if any, and for business purposes only. Debtor, at its own cost and expense, shall keep the Equipment in good repair, condition and working order. If any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of any condemnation, confiscation, theft or seizure or requisition of title to or use of such item (each of the foregoing being referred to herein as an "Event of Loss") Debtor shall promptly pay to Secured Party an amount equal to the greater of (i) the full replacement value of such item or (ii) the outstanding principal balance hereof and accrued interest thereon, plus any prepayment premium due as set forth in section 18, below.

13. INSURANCE

Debtor shall procure and maintain during the entire term of this Note, at Debtor's expense, such insurance coverages in such amounts and with responsible insurers, all as satisfactory to Secured Party including (a) Comprehensive General Liability Insurance with minimum limits of \$1,000,000 each occurrence, and \$1,000,000 aggregate, with Secured Party named as an additional insured; and (b) all Risk Physical Damage Insurance in an amount not less than the greater of (i) the full replacement value of such item or (ii) the outstanding principal balance hereof, plus any prepayment premium due as set forth in section 18 below. Secured Party will be named as loss payee.

Debtor shall waive Debtor's rights and its insurance carrier's right of subrogation against Secured Party for any and all loss or damage.

All policies shall contain a clause requiring the insurer to furnish Secured Party with at least 30 days prior written notice of any material change, cancellation or non-renewal of coverage.

Upon request by Secured Party, Debtor shall furnish Secured Party with a certificate of insurance or other evidence satisfactory to Secured Party that such insurance coverages are in effect.

14. GUARANTY

In order to induce Secured Party to enter into this Note, each guarantor executing on the face hereof hereby unconditionally and absolutely guarantees payment to Secured Party of all liabilities of Debtor to Secured Party of whatever nature, whether now existing or hereafter incurred, including reasonable attorney's fees and costs of collection with respect to the enforcement of any such liabilities or this guaranty. This is a guaranty of payment and not of collection and the liability of each guarantor shall not be affected by any invalidity in or unenforceability of such liabilities, or any change, alteration, renewal, extension, continuation, compromise, waiver or other modification of such liabilities. Each guarantor waives notice of acceptance of this guaranty and of extensions of credit by Secured Party to Debtor, presentment and demand for payment of any of the liabilities of the Debtor, protest and notice of dishonor or default to such guarantor or any other party with respect to such liabilities and all other notices, demands, set-offs, counterclaims and defenses of any nature whatsoever. This guaranty may be enforced by Secured Party without first proceeding against the Debtor or any other party or against any security which may be available with respect to the Debtor's liabilities. In the event of any default by the Debtor on any obligation owed to the Secured Party, whether under this Note or otherwise, each guarantor agrees not to demand, take steps for the collection of, or assign, transfer or otherwise dispose of any indebtedness owed by the Debtor to such guarantor. Secured Party shall have the sole right to demand, receive, sue for, collect, receipt for and give full discharge for such indebtedness until all of the liabilities of the Debtor to the Secured Party have been satisfied in full. If guarantor is a corporation, guarantor certifies that the officer signing on behalf of the guarantor has been duly authorized and empowered to execute and deliver to Secured Party this guaranty and that the guaranty has been duly authorized and approved by or under appropriate vote of the Debtor's Board of Directors of its by-laws.

15. FURTHER ASSURANCES

Debtor shall promptly execute and deliver to Secured Party such further documents and take such further actions as Secured Party may require in order to more effectively carry out the intent and purpose of this Note. Debtor shall provide to Secured Party within 120 days after the close of each of Debtor's fiscal years, and upon Secured Party's request, within 45 days of the end of each quarter of Debtor's fiscal year, a copy of its financial statements prepared in accordance with generally accepted accounting principles, it being understood that all such material shall be held in confidence by Secured Party.

16. ASSIGNMENT

This Note and all rights of Secured Party hereunder shall be assignable by Secured Party absolutely or as security, without notice to Debtor, subject to the rights of Debtor hereunder. Any such assignment shall not relieve Secured Party of its obligations hereunder unless specifically assumed by assignee and Debtor agrees it shall pay such assignee without any defense, rights of set-off or counterclaims of any kind whatsoever and shall not hold or attempt to hold such assignee liable for any of Secured Party's obligations hereunder. DEBTOR SHALL NOT ASSIGN OR DISPOSE OF ANY OF ITS RIGHTS OR OBLIGATIONS UNDER THIS NOTE OR ENTER INTO ANY SUBLEASE WITH RESPECT TO ANY OF THE EQUIPMENT WITHOUT THE EXPRESS PRIOR WRITTEN CONSENT OF SECURED PARTY.

17. DEBTOR'S OBLIGATIONS UNCONDITIONAL

Debtor shall not be entitled to any abatement of any other amounts payable hereunder and such payments will be made without set-off, counterclaim, recoupment, defense or other right which Debtor may have against any person for any reason whatsoever.

18. PREPAYMENT

Debtor may not prepay this Note except in its entirety at any time during the term hereof. Any such prepayment will be made by paying the entire outstanding principal balance hereof as of the date of such prepayment, plus any accrued interest, together with a premium of 5% if such prepayment is made during the first year, of the term year of, 4% if during the second year, 3% if during the third year, 2% if during the fourth year, 1% if during the fifth year, and 0% thereafter. The principal balance at any time outstanding on a fixed rate Note shall be calculated in accordance with the "Rule of 78s". A prepayment premium shall also be due and payable upon any declaration and acceleration under Section 9(d) above or any of the events set forth in Section 12 above, with such premium calculated as set forth in this Section as of the date of the default giving rise to the exercise of the Section 9(d) remedy, or the date of the Event of Loss under Section 12, as applicable.

19. ENFORCEABILITY AND GOVERNING LAW

Any provision of this Note which is unenforceable shall not affect the enforceability of the remaining provisions hereof. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. Time is of the essence in the Note. All amendments and waivers shall be written and signed by the parties hereto. The term "Debtor" as used herein shall mean and include any and all Debtors who sign hereunder, each of whom shall be jointly and severally bound hereby. THIS NOTE SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF RHODE ISLAND. DEBTOR HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF RHODE ISLAND AND THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ITS OBLIGATIONS HEREUNDER AND EXPRESSLY WAIVES ANY OBJECTIONS THAT IT MAY HAVE TO THE VENUE OF SUCH COURTS. LESSEE HEREBY EXPRESSLY WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS NOTE. Any action by Debtor against Secured Party for any cause of action under this Note shall be brought within one year after any such cause of action first accrues.

Attached to and made part of the following documents: Secured Promissory Note and Security AgreementUcc-1 Financing Statementswith DELAWARE OTSEGO CORPORATION AND THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

Qty.	Manufacturer, Description and Location	Model No.	Serial No.
1	<p>EQUIPMENT LOCATION: ONE RAILROAD AVENUE COOPERSTOWN, NY 13326</p> <p>SY.M TYPE STEAM TANGSHAN LOCOMOTIVE WITH THE FOLLOWING: ROAD #1647 BUILT MAY, 1989 CONSTRUCTION #1647M BOILER # 89-15 TYPE: 2-8-2 MIKADO WORKING WEIGHT 280,000 LBS TRACTIVE EFFORT 45,000 LBS DRIVER DIAMETER 56" WORKING PRESSURE 200 PSI SUPERHEATED FUEL TYPE COAL FUEL CAPACITY 10 RONS WATER CAPACITY 7,000 GAL.</p> <p>WITH ALL STANDARD AND ACCESSORY EQUIPMENT</p>		

NORSTAR BANK OF UPSTATE NY

Title: 

CO-DEBTOR: DELAWARE OTSEGO CORPORATION

By: Title: William B. Blatter
Senior Vice President

CO-DEBTOR: THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

BY: TITLE: William B. Blatter
Senior Vice President

STATE OF NEW YORK

COUNTY OF OTSEGO

On this 18th day of December, 1991 before me personally appeared Nathan R. Fenno, to me personally known, who being by me duly sworn, says that he is the Vice President - Law of The New York, Susquehanna and Western Railway Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Nathan R. Fenno


Notary Public

KATHY S. PERRY
Notary Public, State of New York
No. 4765617
Qualified in Otsego County
Commission Expires 4-30-92